



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0386	Title:	Exclude life estates from assets for Medicaid eligibility
Primary Sponsor:	Ripley, Rick	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$605,105	\$808,742	\$808,742	\$808,742
Federal Special Revenue	\$1,322,595	\$1,759,508	\$1,759,508	\$1,759,508
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$1,322,595	\$1,759,508	\$1,759,508	\$1,759,508
Net Impact-General Fund Balance	<u>(\$605,105)</u>	<u>(\$808,742)</u>	<u>(\$808,742)</u>	<u>(\$808,742)</u>

Description of fiscal impact:

This bill excludes certain life estates from assets considered for Medicaid eligibility and increases Medicaid costs.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. There are on average 50 individuals a month that currently have income derived from a life estate that contributes to the cost of nursing home care in a nursing facility. Of those 50 individuals, it is estimated that the average income earned on life estates is \$600 per month.
2. With less patient contribution coming in to the nursing home from life estate income, the increase in expenses to the Medicaid program would be \$360,000 (50 people x \$600 x 12 months = \$360,000).
3. For FY 2008, the effective date would be October 1, 2007 and consequently, there would be an adjustment to Assumption #2 for three-fourths of a year. (50 people x \$600 x 9 months = \$270,000).
4. An estimated 50 more people who apply will have life estates not counted as a resource or a source of income and will be eligible for nursing home Medicaid benefits.
5. The Medicaid nursing home rate is \$146 dollars per day.
6. The average patient contribution is estimated at \$25 per day for the 50 people who will apply.

7. The impact of the new cases applying is \$2,208,250 (50 people x 365 days x (\$146 Medicaid nursing home rate - \$25 patient contribution) = \$2,208,250).
8. For FY 2008, the effective date would be October 1, 2007 and consequently, there would be an adjustment to Assumption #7 for three-fourths of a year. (50 people x 274 days x (\$146 Medicaid nursing home rate - \$25 patient contribution) = \$1,657,700)
9. The effect on funds is based on a Federal Medical Assistance Percentages (FMAP) of 68.61% in FY 2008, and 68.51% in FY 2009 through FY2011.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Benefits	\$1,927,700	\$2,568,250	\$2,568,250	\$2,568,250
<u>Funding of Expenditures:</u>				
General Fund (01)	\$605,105	\$808,742	\$808,742	\$808,742
Federal Special Revenue (03)	\$1,322,595	\$1,759,508	\$1,759,508	\$1,759,508
TOTAL Funding of Exp.	\$1,927,700	\$2,568,250	\$2,568,250	\$2,568,250
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,762,076	\$1,759,508	\$1,759,508	\$1,759,508
TOTAL Revenues	\$1,762,076	\$1,759,508	\$1,759,508	\$1,759,508
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$605,105)	(\$808,742)	(\$808,742)	(\$808,742)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

This provision regarding life estates should be inserted in 53-6-131(2) rather than 53-6-131(1)(e). The bill indicates that the intent is to provide that certain life estates in property will not be counted as an asset (resource) in determining the owner's eligibility for Medicaid. However, the provision has been placed in a part of the statute that addresses income requirements for Medicaid and not the part of the statute that addresses resources.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date